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WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 11TH OCTOBER 2016

Question

What measures, if any, does the Chief Minister have under consideration to replace the revenue that would otherwise have been raised by 2019 via the health charge and when does he expect to be in a position to bring proposals to the Assembly; and will he ensure that any required tax-raising measures will not exempt those with the highest incomes and will not be regressive in nature?

Answer

Jersey is in a strong position. We have considerable reserves, minimal debt and assets of nearly £6 billion. We are in this position because we have consistently looked ahead and prepared for the future, and we want to keep it that way. The Medium Term Financial Plan will maintain this success for future generations by allocating investment in our key public services.

The Fiscal Policy Panel supported our overall fiscal approach and accepted that, post Brexit, it was reasonable to extend the target for balanced budgets to the next MTFP period. We now need to work with Members to find a way to maintain the balance between income and spending while also supporting investment in essential services.

We must also act on what the FPP advised in August: the States should support the economy in the short term and move towards a more sustainable position in the medium term, irrespective of the exact future relationship between the UK and the EU.

Two weeks ago this Assembly approved the Medium Term Financial Plan. This plan sets the direction of the island's public finances for the next three years and provides a comprehensive financial planning structure for the States.

Its approval has given the go-ahead for investment in projects that will make a real difference to islanders. A number of announcements will follow in the coming weeks and months to update islanders on the progress of this work.

Members, on balance, decided not to approve the proposed health charge. By 2019 this will leave a funding gap of £15m per year.

As well as this reduction in ongoing States income, Health and Social Services will lose £15 million from its cash limits over the three years of this plan. This is because the three planned transfers of £5 million a year in 2017, 2018 and 2019 from the Health Insurance Fund will not now go ahead – as they were dependent on the introduction of the health charge.

Ministers remain committed to the important investment in Health and social care, as outlined in the plan. But we are also committed to ensuring we can afford the investment and do not undermine our progression towards sustainable finances. So we are considering how to achieve this planned investment in a sustainable, affordable way. Without adequate savings, efficiencies and revenue raising – we cannot fund the planned growth.

We plan to take time to explore the options for replacing ongoing States income as this will not be a quick fix. We intend to engage with Members as we develop these options, and will be issuing invitations to a number of workshops in the New Year.